



State of Wisconsin
Department of Health and Family Services

Jim Doyle, Governor
Helene Nelson, Secretary

ICF-MR Downsizing

	FY 04		FY 05	
	GPR	All Funds	GPR	All Funds
Total	\$ (53,800)	\$ (53,800)	\$ 438,900	\$ 1,112,100

Description of Proposal

- One of two companion proposals to restructure Medicaid funded long-term care in Wisconsin. The proposal (1) assists nursing facilities in streamlining their facilities, and (2) increases access to community based long-term care.
- Beginning January 1, 2005, counties would receive the funding currently used to pay institutional care at Intermediate Care Facilities for the Mentally Retarded (ICF-MRs) and nursing homes for county residents with developmental disabilities. Counties may use this reserved funding to relocate an individual into the community and pay for community-based long-term care.
- Funding will not be reduced in future fiscal years and will be increased annually by a percentage equal to the rate increase provided to MA nursing home providers.
- Provides funds to ICF-MRs that choose to downsize their facilities. Funding would be available on a one-time basis to support planned restructuring of facility-based services in response to relocations of institutionalized persons into the community.
- Eliminates new and transfer MA institutional admissions after January 1, 2005, unless an admission is due to an emergency or a need for nursing home care. The Department will provide additional funding from a centralized risk fund to counties whose community based long-term care resources are not sufficient to manage these changes.

Background

- In 2001, approximately 2,184 individuals with developmental disabilities resided in an ICF-MR (not including the State Centers) and approximately 258 resided in nursing homes.
- In the past two years, 12% of nursing facilities have gone through receivership or bankruptcy proceedings. Approximately 37% of facilities reported on their most recent cost report (2001) a net loss after taking account of depreciation and amortization, and 29% reported negative working capital.

Rationale for Proposal

- Care can be provided at the same quality level in a community setting and generally at less cost than in an institutional setting.
- The current system creates a disincentive for counties to relocate persons to the community. If an individual is receiving long term care in an institution, all costs are paid by the state. However, counties often incur costs for

serving people in the community due to limited state funding for waivers. This proposal helps eliminate that disincentive.

- This proposal provides more flexibility and more resources to counties to use for community-based care. Counties receive a pot of funding based on the costs of county residents currently in institutional settings. Counties can use this funding to relocate and fund care for these individuals in community settings. To the extent the community care is less costly than the institutional care, counties can retain the balance and use it to help fund community care for additional individuals.
- Long-term care facilities in Wisconsin are struggling with excess capacity and declining demand for their services. This proposal helps facilities address capacity issues while maintaining quality care. Deterioration of facility care can endanger the health and safety of residents and result in costly take-overs.
- This proposal allows the Department to help facilities downsize or close in a planned and safe way. The goal of the proposal is to achieve a new balance between community-based and facility-based long-term care that meets the needs and preferences of individuals with developmental disabilities and is cost effective and stable.